LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 6137 | **NOTE PREPARED:** Nov 12, 2003
BILL NUMBER: SB 370 | **BILL AMENDED:**

SUBJECT: University Bonding Authority for Energy Savings.

FIRST AUTHOR: Sen. Alting | **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL** **DEDICATED** **FEDERAL** | **IMPACT:** State

Summary of Legislation: This bill permits state universities and colleges to issue bonds for up to $20 M per campus for qualified energy savings projects. (Current law limits each university or college to $10 M for all campuses of the university or college.)

Effective Date: July 1, 2004.

Explanation of State Expenditures: The bill would increase the limit on the debt issuance for qualified energy projects from the current $10 M per university to $20 M per campus. Indiana University has seven campuses in its system, while Purdue University has four regional campuses.

Two universities report using the qualified energy saving bonds. Purdue had an outstanding balance of $7,211,402 on June 30, 2003, and the University of Southern Indiana had a balance of $880,588. Indiana University has had a $2 M project for Indiana University Northwest approved by the Higher Education Commission. The requests for proposals for the project will be sent soon.

The bond would have no state fiscal impact since the state would not pay fee replacement and the bond should be financed from energy savings.

These projects would still be required to be reviewed by the Commission for Higher Education and approved by the Governor before the project could be started or the land purchased.

Under current law, capital projects must be reviewed by the Commission on Higher Education and approved by the Governor if the cost is greater than $200,000. For projects to construct buildings or facilities with a cost greater than $500,000 in value and paid by state-appropriated funds or student fees, the project must be reviewed by the Commission on Higher Education and approved by the Governor and the General Assembly. (IC 20-12-5.5-2(a)(1)).

To pay for the costs of capital projects, universities may issue and sell bonds so long as the bonds are supported by mandatory fees that are assessed on all students and approved by the General Assembly (IC 20-12-5.5-4). The General Assembly may appropriate fee replacement monies for the replacement of student fees dedicated to pay the principal and interest costs of bonds as approved by the General Assembly (IC 20-12-5.5-5).

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: State Universities.

Information Sources: Kevin Green, Purdue University; Cindy Brinker, University of Southern Indiana; John Paflas , Indiana University.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.